

Highlights

This issue of the *Natural Gas Monthly* contains estimates of natural gas data through September 2001 for many data series at the national level. National-level natural gas prices in 2001 are available through May (electric utilities), June (residential, commercial, and industrial), or August (wellhead). State-level data generally are available through June 2001, although underground storage data are available through July 2001.

The Energy Information Administration's expectations for natural gas and other fuels for the coming heating season (November through March) are presented in the *Winter Fuels Outlook: 2001/2002* released on October 4. The full report is posted to the EIA website at: <http://www.eia.doe.gov>.

Highlights from this issue of the *Natural Gas Monthly* are:

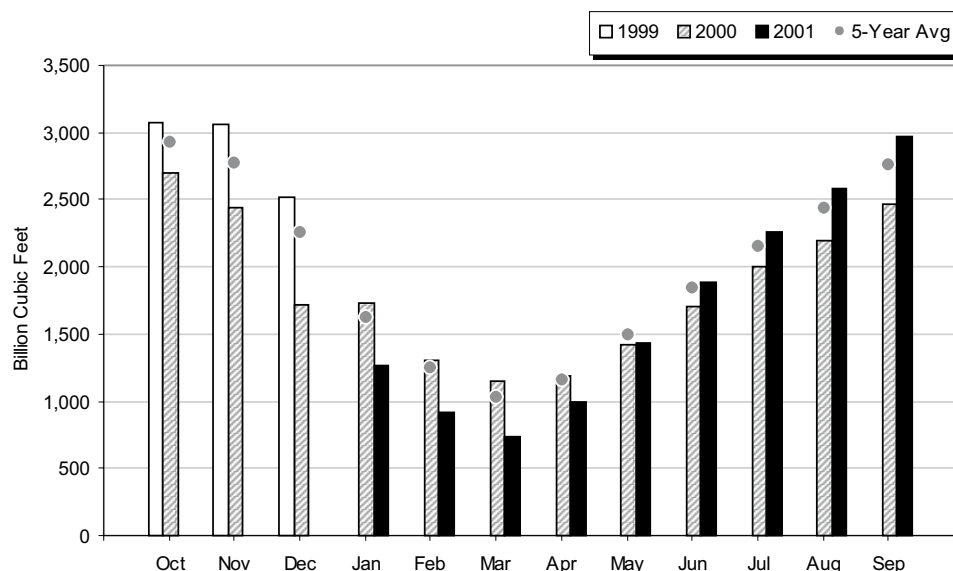
- Dry natural gas production for January through September 2001 is estimated at 14,490 billion cubic feet or 53.1 billion cubic feet per day. This rate is 2 percent higher than in the same period of 2000. Net imports of natural gas for January through September 2001 are estimated at 2,752 billion cubic feet or 10.1 billion cubic feet per day. This rate is 7 percent higher than in the same period of 2000.
- The industry has been aggressively refilling storage facilities during the past several months. Since the end of March, an estimated 2,232 billion cubic feet has been added, which is 43 percent above the previous 6-year average refill rate and a record for the period. EIA estimates that at the end of September, working gas stocks were 2,974 billion cubic feet or about 8 percent above the 6-year average.

**Table HI1. Natural Gas Production, Net Imports, and Consumption by End-Use Sectors
(Billion Cubic Feet per Day)**

Supply and Consumption	1999	2000	2001
	January through September		
Selected Supplies			
Dry Production	51.3	52.0	53.1
Net Imports	9.3	9.4	10.1
End-Use Consumption			
Residential	12.7	12.3	13.2
Commercial	8.3	8.4	9.0
Industrial	24.1	26.1	25.2
	January through June		
Electric Utilities	7.6	7.7	6.5

Sources: Derived from Tables 2 and 3.

Figure HI1. Working Gas in Underground Storage in the United States, 1999-2001



Note: The 5-year average is calculated using the latest available monthly data. For example, the December average is calculated from December storage levels for 1996 to 2000 while the January average is calculated from January levels for 1997 to 2001. Data are reported as of the end of the month, thus October data represent the beginning of the heating season.

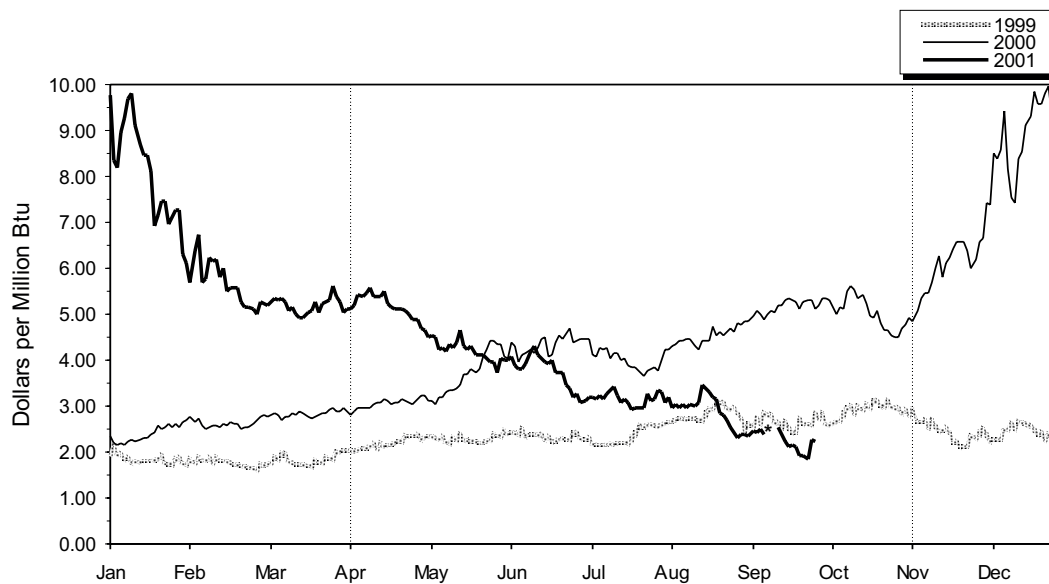
Source: Form EIA-191, "Monthly Underground Gas Storage Report," Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition," and Short-Term Integrated Forecasting System.

- Residential natural gas consumption in the first three quarters of 2001 is estimated at 3,614 billion cubic feet or 13.2 billion cubic feet per day (Table 3 and Table HI1). This 8-percent increase relative to 2000 was largely driven by colder temperatures in early 2001 compared with 2000. At the national level, heating degree days during the first quarter of 2001 were higher than in 1999 and, in particular, March 2001 had 32 percent more heating degree days than March 2000. Industrial and electric utility natural gas consumption are both down from levels in 2000, reflecting both higher natural gas prices in 2001 and the greater ability of these sectors to use alternative fuels.
- Gas utilities and end users paid significantly more for natural gas during the first half of 2001 compared with 2000. The average city gate price for January through June 2001 is estimated at \$7.10 per thousand cubic feet. This is the national average price paid by local gas distribution companies, and it is \$3.40 or 92 percent higher than what they paid during the first half of 2000. For the same months, the average residential price is estimated at \$10.21 per thousand cubic feet for 2001, \$3.34 or

49 percent higher than in 2000. Electric utilities paid an estimated average of \$6.34 per thousand cubic feet for January through May 2001, \$3.17 or 100 percent higher than in the same period of 2000.

- The average natural gas wellhead price for January through August 2001 is estimated to be \$4.92 per thousand cubic feet, \$2.00 or 68 percent higher than for the same period in 2000. However, the wellhead price has generally fallen throughout the year, from a high of \$8.06 per thousand cubic feet in January 2001 to \$3.23 per thousand cubic feet in August 2001.
- Natural gas futures prices on the New York Mercantile Exchange (NYMEX) for delivery at the Henry Hub have fallen far below the range of \$8 to \$9 per million Btu seen in January 2001 (Figure HI2). The settlement price on the contract for October 2001 delivery was \$1.910 per million Btu on September 24, 2001. This is first time the settlement price on the near-month contract has fallen below \$2 since March 1999. The October contract closed at \$1.830 per million Btu on September 26. The November contract settled at \$2.244 on September 28, its second day of trading as the near-month contract.

Figure HI2. Daily Futures Settlement Prices at the Henry Hub



* = New York Mercantile Exchange closed from 9/11/01 through 9/13/01.

Note: The futures price is for the near-month contract, that is, for the next contract to terminate trading.

Contracts are traded on the New York Mercantile Exchange. April 1 is the beginning of the natural gas storage refill season. November 1 is the beginning of the heating season.

Source: *Gas Daily* and Commodity Futures Trading Commission, Division of Economic Analysis.